



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK KHOURI  
STATE TREASURER

November 22, 2016

Mr. John S. Roberts  
Director of State Budget Office  
111 S. Capitol Avenue  
Lansing, MI 48933

Dear Mr. Roberts:

Sections 903(3) and 930(2) of Public Act 84 of 2015 require that the Department of Treasury report by November 30, 2016 on the collection of unpaid taxes and other accounts due to the State of Michigan for the immediately preceding fiscal year.

Section 903 authorizes the Department of Treasury to contract with private collection agencies to collect unpaid taxes and other accounts due the State of Michigan. The main contractor to the Michigan Department of Treasury for collection services is GC Services L.P. (GC). GC collects tax assessments and state agency debts, including Driver Responsibility Fees. The costs associated with the GC contract are stipulated in contract #071B0200101 and includes both collection incentive fees and reimbursement of certain operating expenses. GC is paid a collection incentive fee of 11.61% on actual tax and state agency debt collections and 8.13% on actual collections of certain Driver Responsibility Fees. Attached is Chart A which provides a breakdown of the tax debts collected by GC by tax type and the state agency debts collected for each state agency.

In addition to the contract with GC, the Department of Attorney General contracts with private attorneys to perform collection services on behalf of the Attorney General and the Michigan Department of Treasury. These private attorneys, who are appointed as Special Attorneys General, are paid a commission based on actual collections and reimbursed for certain costs. Below is a schedule detailing the contracted entities, amounts collected, and the costs of collection.

**Section 903**

<u>CONTRACTOR</u>	<u>TYPE OF DEBT</u>	FY 2016 <u>COMMISSION COLLECTIONS</u>	<u>COST</u>
GC Services L.P.	TAX	\$119,076,688.51	\$19,118,443.58
	NON-TAX	51,743,570.27	10,312,395.11
Special Attorneys General	TAX	12,700.00	2,558.00
	NON-TAX	.00	.00
<b>GRAND TOTAL</b>		<b>\$170,832,958.78</b>	<b>\$29,433,396.69</b>

Section 930 requires the Department of Treasury to provide accounts receivable collection services for other principal executive departments and state agencies pursuant to Public Act 375 of 1927, as amended (Michigan Compiled Laws 14.131 to 14.134). Section 930 also provides that the Department of Treasury report on the principal executive departments and state agencies served, funds collected, and the costs of collection. Attached is Chart B which details the amounts collected by the Department of Treasury for


each state department or agency and the costs of collection. The collection amounts in Chart B do not include the amounts collected by GC indicated in Chart A. Below is a summary of the amounts collected and the costs of collection for both GC and the Michigan Department of Treasury on behalf of the state departments and agencies.

Section 930

	FY 2016 <u>COLLECTIONS</u>	<u>COST</u>
GC Services L.P.	\$51,743,570.27	\$10,312,395.11
Department of Treasury	53,033,914.16	1,512,342.69
Special Attorneys General	.00	.00
<b>GRAND TOTAL</b>	<b>\$104,777,484.43</b>	<b>\$11,824,737.80</b>

If you or your staff desire additional information, please contact Ann Good, Director of the Office of Collections at (517) 636-5300.

Sincerely,

  
Joseph L. Fielek  
Chief Deputy State Treasurer

Enclosures

cc: Nick Khouri, State Treasurer  
Ann Good, Director, Office of Collections  
Cindy Peruchietti, Bureau Director

CHART A

COLLECTION SERVICES CONTRACTOR: GC SERVICES L.P.

FISCAL YEAR ENDED 9/30/2016

<u>TAX DEBT</u>	<u>COMMISSION COLLECTIONS</u>
INDIVIDUAL INCOME	\$70,688,082.22
SALES	18,616,914.56
SINGLE BUSINESS	1,720,768.79
WITHHOLDING	10,459,576.85
USE	2,433,011.79
MOTOR FUEL	857,596.37
TOBACCO	281,164.00
MICHIGAN BUSINESS RETALIATORY	144,891.78
HOMESTEAD PROPERTY	517,839.36
MOTOR CARRIER	4,326.38
CAR LOANING	4,982.72
CONVENTION FACILITIES	2,024.08
ENVIRN PROTECT REG	5,844.62
PUBLIC UTILITIES	2,326.67
ACCOUNTS RECEIVABLE	1,576.34
REAL ESTATE TRANSFER	680.00
RETALIATORY	0.00
SEVERANCE	0.00
INTANGIBLES	0.00
UNCLAIMED BOTTLE DEPOSIT	0.00
MICHIGAN BUSINESS	8,044,259.02
UNCLASSIFIED ACQUIRER	0.00
HICA	270,990.25
CORPORATE INCOME	3,487,048.68
CORPORATE INCOME RETALIATORY	71,217.60
FLOW THRU WITHHOLDING	1,461,566.43
ESTATE	0.00
TOTAL TAX	\$119,076,688.51

<u>NON-TAX DEBT</u>	<u>COMMISSION COLLECTIONS</u>
AGRICULTURE	\$17,116.58
ATTORNEY GENERAL	1,852.26
COMMUNITY HEALTH	944,353.50
CORRECTIONS	958,318.49
EDUCATION	49,438.84
ENVIRONMENTAL QUALITY	24,871.94
HOUSING & DEVELOPMENT AUTHORITY	170,349.73
HUMAN SERVICES	257,767.83
LICENSING & REGULATORY AFFAIRS	345,594.83

LOTTERY	55,114.69
MICHIGAN ECONOMIC DEVELOPMENT CORP	67,464.62
MILITARY & VETERAN AFFAIRS	0.00
NATURAL RESOURCES	6,378.26
STATE	44,553,698.23
STATE EMPLOYER	276,703.91
TECHNOLOGY, MANAGEMENT & BUDGET	70,672.01
TRANSPORTATION	9,947.70
TREASURY	1,173,295.90
CENTRAL MICHIGAN UNIVERSITY	323,279.78
EASTERN MICHIGAN UNIVERSITY	441,119.74
FERRIS STATE UNIVERSITY	582,416.05
GRAND VALLEY STATE UNIVERSITY	247,895.25
LAKE SUPERIOR STATE UNIVERSITY	42,191.64
MICHIGAN TECHNOLOGICAL UNIVERSITY	19,849.68
NORTHERN MICHIGAN UNIVERSITY	67,120.37
OAKLAND UNIVERSITY	276,411.25
SAGINAW VALLEY STATE UNIVERSITY	3,860.06
5th DISTRICT COURT	66,178.94
37C DISTRICT COURT	59,486.59
37W DISTRICT COURT	482,626.12
42-1 DISTRICT COURT	15,138.00
42-2 DISTRICT COURT	21,900.00
43A DISTRICT COURT	100,073.67
50th DISTRICT COURT	5,330.00
54A DISTRICT COURT	5,753.81
TOTAL NON-TAX	<u>\$51,743,570.27</u>

**CHART B  
DEPARTMENT OF TREASURY'S  
STATE AGENCY COLLECTIONS  
FISCAL YEAR ENDED 9/30/2016**

AGENCY	COLLECTIONS	COSTS
AGRICULTURE	\$20,315.93	\$942.84
ATTORNEY GENERAL	\$5,907.00	\$37.89
COMMUNITY HEALTH	\$4,272,540.34	\$337,763.69
CORRECTIONS	\$762,323.47	\$124,566.61
EDUCATION	\$4,853.67	\$0.00
ENVIRONMENTAL QUALITY	\$2,723.70	\$367.19
HOUSING & DEVELOPMENT AUTH	\$196,715.31	\$2,983.67
HUMAN SERVICES	\$310,798.12	\$16,284.77
LICENSING & REGULATORY AFFAIRS	\$111,699.07	\$31,673.72
LOTTERY	\$19,687.11	\$5,429.86
MICHIGAN ECONOMIC DEV CORP	\$14,573.70	\$0.00
MILITARY & VETERAN AFFAIRS	\$862.00	\$0.00
NATURAL RESOURCES	\$2,772.55	\$664.26
STATE	\$43,758,707.14	\$528,781.18
STATE EMPLOYER	\$104,408.08	\$0.00
TECHNOLOGY, MGMT & BUDGET	\$22,269.67	\$6,746.63
TRANSPORTATION	\$9,247.72	\$1,393.39
TREASURY	\$1,357,022.52	\$105,032.84
CENTRAL MICHIGAN UNIVERSITY	\$309,849.37	\$45,958.79
EASTERN MICHIGAN UNIVERSITY	\$481,985.19	\$67,008.10
FERRIS STATE UNIVERSITY	\$405,231.00	\$71,693.21
GRAND VALLEY STATE UNIVERSITY	\$140,423.91	\$28,188.05
LAKE SUPERIOR STATE UNIVERSITY	\$46,625.37	\$6,447.22
MICHIGAN TECHNOLOGICAL UNIVERSITY	\$9,104.73	\$2,101.80
NORTHERN MICHIGAN UNIVERSITY	\$49,798.84	\$8,487.15
OAKLAND UNIVERSITY	\$261,905.10	\$39,076.33
SAGINAW VALLEY STATE UNIVERSITY	\$5,329.33	\$667.06
5th DISTRICT COURT	\$19,691.47	\$6,233.33
37C DISTRICT COURT	\$32,957.18	\$6,710.48
37W DISTRICT COURT	\$234,427.67	\$52,050.87
42-1 DISTRICT COURT	\$3,045.67	\$1,319.95
42-2 DISTRICT COURT	\$4,274.82	\$1,900.03
43A DISTRICT COURT	\$32,660.14	\$9,635.13
50th DISTRICT COURT	\$6,064.41	\$827.12
54A DISTRICT COURT	\$13,112.86	\$1,369.53
<b>TOTAL</b>	<b><u>\$53,033,914.16</u></b>	<b><u>\$1,512,342.69</u></b>

NOTE: The collections indicated above are the amounts collected by the Department of Treasury's Office of Collections on behalf of the state agencies and do not include amounts collected by GC Services L.P. These figures may include adjustments, credits, or refunds. Adjustments, credits, or refunds may include collection amounts from a prior fiscal year. The costs indicated above reflect the overhead expense of the Office of Collections on all commissionable collections and non-commissionable Driver Responsibility Fee (DRF) collections.